

## OPERATING AGREEMENT

### COTTONWOOD WASTE TRANSFER STATION

THIS AGREEMENT, made and entered into this 22<sup>nd</sup> of November 2000, by and between the CITY OF COTTONWOOD, Yavapai County, Arizona, hereinafter referred to as "OWNER" and WASTE MANAGEMENT, a division of WASTE MANAGEMENT OF ARIZONA, INC., hereinafter referred to as "OPERATOR."

#### WITNESSETH

WHEREAS, the City of Cottonwood is the owner of the Cottonwood Waste Transfer Station; and

WHEREAS, the Owner is interested in contracting the operation of the Cottonwood Waste Transfer Station and has received proposals therefore; and

WHEREAS, the City Council of the City of Cottonwood has accepted the proposal submitted by the Operator.

NOW, THEREFORE, in consideration of the mutual covenants and conditions expressed herein, the parties agree as follows:

#### SECTION 1: Scope of Services

- A. The Operator shall keep the Transfer Station open for public use six days per week between 8:00 a.m. and 4:00 p.m., which may be modified by Operator from time to time, with approval of the Cottonwood City Manager. such approval being not unreasonably withheld. At all times when the station is open to the public the Operator shall have at least one employee to staff the station.

- B. The Operator shall accept solid waste that can be legally disposed at the Gray Wolf Landfill including but not limited to: household waste, yard waste, brush, trash, appliances, wood, construction waste, and other municipal solid waste. The Operator agrees not to accept hazardous wastes or other wastes of any kind prohibited by law. Operator shall assume ownership and responsibility for all materials deposited and accepted at the station. The Operator shall be responsible for transportation to, and proper disposal of, waste received at the station to the Gray Wolf landfill or other approved disposal facility.
- C. The Operator shall maintain the station in such a manner as to cause no unreasonable odor, disease, vector, rodent, or litter problems and shall maintain the facility in an environmentally and aesthetically acceptable condition. The Operator shall be responsible for policing all litter, garbage, or other wastes in or around the station.
- D. The Operator shall be entirely responsible for all costs of the station operation, including: staffing, utilities, equipment repair, equipment maintenance, parts replacement, changes, modifications, waste transport and landfill disposal fees, applicable taxes, permits, licenses, and all other expenses associated with the operation thereof.
- E. Operator shall be responsible for complying with all applicable local, state, or federal operating rules, regulations or requirements. Operator shall be responsible for complying with all applicable local, state and federal facility siting or operation rules, regulations or requirements for changes or modifications made to the station. Operator shall be responsible for all costs associated with complying with the local,

state and federal rules, regulations and requirements. Operator shall be responsible for obtaining all permits, variances or other necessary approvals for changes or modifications to the station and for the cost of such approvals.

- F. Operator shall be responsible for providing traffic control and signage at the station.

## Section 2: Fees

- A. The disposal fees shall be as set forth in Exhibit "A," attached hereto and made a part hereof. The disposal fees shall be clearly posted at the entrance to the facility. Said fees will become effective sixty (60) days following execution of this agreement.
- B. The Operator shall be responsible for the collection of all fees, and in return for services provided entitled to all revenues received through the approved disposal fees.
- C. The Operator shall be responsible to pay all fees associated with the operation, including: waste transfer, landfill disposal, applicable taxes, licenses, and permits.
- D. Disposal fees may be adjusted, upon thirty (30) days written notice by Operator, and approval of Cottonwood City Council, such approval not unreasonably withheld.

## Section 3: Financial Reporting and Accounting

- A. The Operator shall maintain an appropriate financial accounting system for the operation of the station. Financial records shall be reasonably available for inspection by the Owner when so requested.
- B. The Operator shall provide the Owner with an annual financial statement for the station operation upon request.

#### Section 4: Term

- A. The term of this Agreement shall begin on the date of execution of this Agreement and run through June 30, 2005. This Agreement is renewable upon mutual consent of the parties hereto for an additional five (5) year period through June 30, 2010.

#### Section 5: Bonds and Insurance

- A. Operator shall post a performance bond in the amount of \$5,000.00 before assuming operation of the station.
- B. Operator shall provide proof of the following insurance before assuming operation of the station:
1. Worker's Compensation--Operator shall provide worker's compensation insurance for each and every employee of his involved with the execution of this Agreement. In the event any of the services of this Agreement are delegated, the Operator shall require each sub-contractor to similarly provide worker's compensation insurance for each employee involved with the execution of this Agreement.
  2. Public Liability and Property Damage--Operator shall secure and maintain during the life of this Operating Agreement such public liability and property damage insurance as shall protect Operator and any sub-contractor performing services under this Agreement, from claims for damages for personal injury, including accidental death, as well as from claims for property damage, which may arise from the execution of the services provided in this Agreement, or by anyone directly or indirectly employed by

either of them. The Owner shall be named as a co-insured on the policy and on the proof of insurance, or shall be added thereon by endorsement.

The terms and conditions of the insurance shall be as follows:

Public Liability insurance in an amount not less than \$1,000,000 for injuries, including accidental death, for any one person, and subject to the limit for each person, in an amount of not less than \$3,000,000 on account of one accident.

#### Section 6: Termination

- A. This Agreement may be terminated by either party, without cause, by providing written notice of intent to terminate no less than 90 days prior to date of termination.
- B. The Owner may terminate this Agreement upon 30 days written notice for lack of performance in accordance with this Agreement. If the Operator begins, and diligently pursues, correction of the performance deficiency within said thirty (30) day notice, the Operator will be given an additional sixty (60) days to correct the performance deficiency or longer if reasonably necessary (provided Operator is diligently pursuing the correction.)

#### Section 7: Equipment and Site

- A. The Owner will provide the equipment as set forth in Exhibit "B," attached hereto and part hereof.
- B. The Operator will be responsible for maintenance of all equipment in accordance with the manufacturer's recommendations. The Operator will be responsible for all repair and/or replacement of parts as necessary.

- C. The compactor station site will be provided by the Owner at no expense to the Operator. A legal description of said site is provided in Exhibit "C," attached hereto and made a part hereof.
- D. The Operator shall be responsible for maintenance of the site and shall ensure the site is kept free of environmental contamination as required by applicable Federal and State environmental laws (including but not limited to CERCLA and RCRA) to the extent caused by Operator.
- E. Any equipment provided by the Operator will remain the sole property of the Operator.

#### Section 8: Indemnification

- A. The Operator hereby indemnifies the Owner, City Council, staff, and/or agents thereof from and against all claims, demands, payments, suits, actions, recoveries and judgments of every nature and description brought or recovered against Owner, by reason of any act of omission and/or error of said Operator, his agents or employees, in the execution of work under this station Operating Agreement.

#### Section 9: Free Dump Day

- A. A free dump day will be provided one day per year at which residents can use the compactor station at no charge.
  - 1. The Operator shall be responsible for staffing the station with two (2) attendants for the free dump day.
  - 2. The Owner shall be responsible for providing two (2) assistants for the Operator's attendants.

3. The Owner shall be responsible for negotiating the land fill disposal for the trash received on the free dump day.
4. The Operator shall be responsible for transportation of the trash to the landfill.

Section 10: Assignment

- A. This Agreement may not be assigned by the Operator without written consent by the Owner, except that Operator may assign to its affiliate or subsidiary.

Section 11: Arizona Law

- A. This Agreement shall be governed by the law of the State of Arizona.

Section 12: Entire Agreement

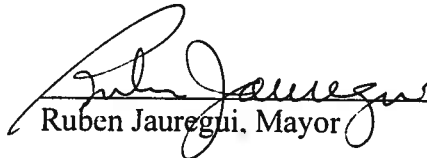
- A. This agreement is the entire agreement between the parties superseding all prior oral and written agreements.

Section 13: Modification


- A. This agreement may only be amended, modified or changed in written document executed by both parties.

Dated this 15<sup>th</sup> day of NOVEMBER, 2000.

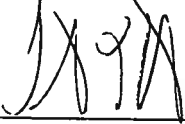
CITY OF COTTONWOOD:

  
\_\_\_\_\_  
Ruben Jauregui, Mayor

ATTEST:

  
\_\_\_\_\_  
Marianne Jiménez, City Clerk

APPROVED AS TO FORM:



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Mangum, Wall, Stoops & Warden  
City Attorneys

WASTE MANAGEMENT OF ARIZONA, INC.:



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Waste Management



## EXHIBIT "A"

### GATE RATES

Car load	\$15.00 Each
Pick-up truck/van load	\$30.00 Each
Loose Load (larger than pick-up)	\$15 .00 Per Cubic Yard
Appliances	\$17.50 Each
Trash bag	\$ 3.00 Each
Tires (smaller than 20")	\$12.50 Each
Tires (larger than 20")	\$25.00 Each

### DISCOUNTED RATES FOR COTTONWOOD RESIDENTS

Car load	\$10.00 Each
Pick-up truck/van load	\$24.00 Each
Loose Load (larger than pick-up)	\$12 .00 Per Cubic Yard
Appliances	\$15.00 Each
Trash bag	\$ 2.25 Each
Tires (smaller than 20")	\$10.00 Each
Tires (larger than 20")	\$20.00 Each

# EXHIBIT "B"

## COTTONWOOD WASTE TRANSFER STATION EQUIPMENT LIST

JULY 1997

<u>Quantity</u>	<u>Item</u>
1	5 yd. E-Z Pack Compactor Unit, Serial #5-174-1
1	30 HP power unit, Serial #176-1
1	300 sq. ft. steel compactor receiving hopper and supports
1085'	6-ft. chain link fence topped with 3 strand barbwire
2	12' x 6' gates with 3 strands barbwire
1	9-1/2' x 41' + bin wall retaining wall
6	12" x 12" I Beams 13' long
2	12" x 12" I Beams 8' long
1	16" x 24" x 6' equipment storage building
1	3-1/2' x 3-1/2' metal operator building with 5' x 5' canopy and compactor unit control panels
1	18" x 9" x 40' concrete slab and bumper block
75'	5' stock fence
40'	6' stock fence on receiving hopper
1	Dusk to Dawn light
3	1-1/2 yd. Dumpsters for recyclable products
1	40' x 5' steel retaining wall for open top
	Electric power installation
	Water line to dog pound (not completed into transfer station)
1	10' x 30' x 6" cement slab for open top
1	12' x 62' x 8" cement slab for compactor and box
2	5/8" x 30" x 24' steel runners for compactor box
290'	6" x 6" x 3' post with 1" retaining cable
4	42 cubic yard roll-off compaction receiver containers

## EXHIBIT "C"

### LEGAL DESCRIPTION

#### COTTONWOOD TRASH COMPACTOR SITE, ACCESS ROAD, AND UTILITIES EASEMENT

##### Cottonwood Trash Compactor Site:

Beginning at the Northeast corner of Section 5, Township 15 North, Range 3 East of the Gila and Salt River Base and Meridian.

Thence South 1°56' West a distance of 742.00 feet to the TRUE POINT OF BEGINNING;  
Thence South 48°00' East a distance of 250.00 feet;  
Thence North 42°00' East a distance of 300.00 feet;  
Thence North 48°00' West a distance of 250.00 feet;  
Thence South 42°00' West a distance of 300.00 feet to the TRUE POINT OF BEGINNING.

EXCEPTION: Beginning at the North corner of the above described parcel:

Thence South 42°00' West a distance of 65.00 feet;  
Thence South 48°00' East a distance of 120.00 feet;  
Thence North 42°00' East a distance of 65.00 feet;  
Thence North 48°00' West a distance of 120.00 feet to the North corner of said parcel.

Containing 1.54 acres, more or less.

##### Access Road:

Beginning at the Northeast corner of Section 5, Township 15 North, Range 3 East of the Gila and Salt River Base and Meridian.

Thence South 1°56' West a distance of 742.00 feet.  
Thence South 48°00' East a distance of 250.00 feet.  
Thence North 42°00' East a distance of 300.00 feet to the TRUE POINT OF BEGINNING.

Thence South 48°00' East a distance of 210.00 feet.  
Thence South 42°00' West a distance of 50.00 feet.  
Thence North 48°00' West a distance of 210.00 feet.  
Thence North 42°00' East a distance of 50.00 feet to the TRUE POINT OF BEGINNING AND THE END OF THIS DESCRIPTION. This description contains an area of ±.24 acres.

##### Utility Easement:

Beginning at the Northeast corner of Section 5, Township 15 North, Range 3 East of the Gila and Salt River Base and Meridian.

Thence South 1°56' West a distance of 742.00 feet.  
Thence North 42°00' East a distance of 300.00 feet.  
Thence South 48°00' East a distance of 417.44 feet to the TRUE POINT OF BEGINNING.

**AMENDMENT TO THE OPERATING AGREEMENT BETWEEN  
THE CITY OF COTTONWOOD AND WASTE MANAGEMENT  
FOR  
COTTONWOOD WASTE TRANSFER STATION**

**PARTIES:** THE CITY OF COTTONWOOD, a municipal body (hereinafter referred to as "OWNER"; and

WASTE MANAGEMENT, a division of WASTE MANAGEMENT OF ARIZONA, INC. , hereinafter referred to as "OPERATOR".

**AGREEMENT**

**WHEREAS:**

The OWNER and the OPERATOR entered into an Operating Agreement for the Cottonwood Waste Transfer Station, dated November 22, 2000; and

The OWNER and the OPERATOR wish to extend and amend the Agreement and are empowered to enter into such Amendment.

**I**

The OWNER and the OPERATOR agree to renew the Agreement for an additional five (5) year period through June 30, 2010, as provided for under Section 4: Term of the Operating Agreement.

**II**

The OWNER and the OPERATOR agree to delete Section 9: Free Dump Day of the Agreement and replace it with the following provision:

Section 9: Community Clean-up Program

The OPERATOR will provide up to 18 roll-off containers each year for OWNER sponsored community clean-up programs. There will be no transportation fee charged by the OPERATOR for the said 18 roll-off containers. The OPERATOR will provide a 50% discount of the then current gate rate disposal fee for the first 9 roll-off containers. The next 9 roll-off containers will be subject to the full gate rate disposal fee.

**III**

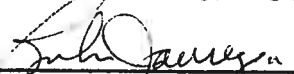
As provided for in Section 2: Fees the OPERATOR has requested and the OWNER agrees to amend the disposal fees as set forth in Exhibit "A" attached hereto and made a part hereof. The disposal fees shall be clearly posted at the entrance to the facility. Said fees will become effective August 1, 2005.

IV

The parties agree that all other provisions contained in the Operating Agreement not specifically addressed above and entered into between the OWNER and the OPERATOR on November 22, 2000, shall remain in full force and effect.

IN WITNESS HEREOF, the parties have executed this Amendment to the November 22, 2000, Operating Agreement. This Amendment shall be effective July 1, 2005.

**CITY OF COTTONWOOD**

  
\_\_\_\_\_  
Ruben Jauregui, Mayor


7-21-05  
Date

**ATTEST:**

  
\_\_\_\_\_  
Marianne Jimenez, City Clerk

7-21-05  
Date

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
City Attorney

7/18/05  
Date

**WASTE MANAGEMENT OF ARIZONA, INC.**

  
\_\_\_\_\_  
Waste Management

5/22/05  
Date

**EXHIBIT "A"**  
**AMENDMENT Effective 7/1/05**  
**Prices effective 8/1/05**

**GATE RATES**

Car load	\$16.00
Pick-up truck/van load	\$31.00
Loose Load (larger than pick-up)	\$16.00 Per Cubic Yard
Appliances	\$19.00 each
Trash bag	\$4.00 each
Tires (smaller than 20")	\$ 6.00 each
Tires (larger than 20")	\$14.00 each

**DISCOUNTED RATES FOR COTTONWOOD RESIDENTS**

Car Load	\$11.00 each
Pick-up truck/van load	\$22.00 each
Loose Load (larger than pick-up)	\$13.00 Per Cubic Yard
Appliances	\$16.00 each
Trash bag	\$2.50 each
*Tires (smaller than 20") unmounted	\$ 5.00 each
**Tires (larger than 20") unmounted	\$13.00 each

\*Yavapai County's \$2.00 fee for small tires on a rim will be passed on to any person that delivers a small tire on a rim.

\*\*Tires (larger than 20") on a rim will NOT be accepted

**AMENDMENT TO THE OPERATING AGREEMENT  
BETWEEN THE CITY OF COTTONWOOD  
AND WASTE MANAGEMENT  
FOR THE COTTONWOOD WASTE TRANSFER STATION**

**PARTIES:** The CITY OF COTTONWOOD, a municipal body hereinafter referred to as "OWNER", and

WASTE MANAGEMENT, a division of WASTE MANAGEMENT OF ARIZONA, INC., hereinafter referred to as "OPERATOR".

**AGREEMENT**

**WHEREAS:**

The OWNER and the OPERATOR entered into an Operating Agreement for the Cottonwood Waste Transfer Station, dated November 22, 2000; and

The OWNER and the OPERATOR amended the Operating Agreement on July 1, 2005; and

The OWNER and the OPERATOR wish to extend and amend the Operating Agreement and are empowered to enter into such Amendment.

I.

The OWNER and OPERATOR agree to renew the Operating Agreement for an additional six-month period through December 31, 2010.

II.

As provided for under Section 2: Fees of the Operating Agreement, the OPERATOR has requested and the OWNER agrees to amend the disposal fees as set forth in Exhibit A attached hereto. Said fees will become effective 8/1/2010.

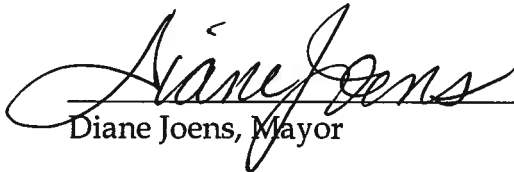
III.

This amendment, and the underlying agreement are subject to cancellation in accordance with the provisions of Arizona Revised Statutes Section 38-511, which provisions are incorporated into the amended agreement as if fully set forth herein.

IV.

The parties agree that all other provisions contained in the Operating Agreement not specifically addressed above and entered into between the OWNER and the OPERATOR on November 22, 2000, and as amended on July 1, 2005, shall remain in full force and effect.

**CITY OF COTTONWOOD:**

  
\_\_\_\_\_  
Diane Joens, Mayor


7-6-10  
\_\_\_\_\_  
Date

ATTEST:


  
\_\_\_\_\_  
Marianne Jimenez, City Clerk

7-6-10  
\_\_\_\_\_  
Date

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Steven B. Horton, Esq.  
City Attorney

**WASTE MANAGEMENT OF ARIZONA, INC.:**

  
\_\_\_\_\_  
Waste Management

8.3-2010  
\_\_\_\_\_  
Date



GROUND LEASE

Between

THE TOWN OF COTTONWOOD  
an Arizona municipality

and

COTTONWOOD AIRPARK, INC.

May 5, 1983

slt

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## LEASE

### Background

A. The Town of Cottonwood ("Landlord") is an Arizona municipality which seeks to serve the public interest by providing opportunities for industrial development, and by promoting economic development and the creation of new employment opportunities.

B. Landlord owns the "Property" described on Exhibit 1 and wishes to use the Property in the service of the public interest.

C. Cottonwood Airpark, Inc. ("Tenant") is an Arizona Corporation which wishes to plan, develop and construct facilities on the Property, and to sublease lots to others to encourage new businesses to build new facilities on the Property.

D. Landlord and Tenant jointly will serve the public interest by providing the residents of Cottonwood with access to improved job opportunities on the Property.

E. Landlord will execute this long term ground lease (the "Lease") with Tenant, who will arrange to finance, construct and operate the Improvements (defined below).

### Section 1. PARTIES

This Lease is by and between THE TOWN OF COTTONWOOD, an Arizona municipality ("Landlord") and COTTONWOOD AIRPARK, INC. ("Tenant"). It is effective from the date listed on the signature page. Tenant covenants as a material part of the consideration for this Lease to keep and perform each and all of these terms, covenants and conditions. Conditioned on this performance, Landlord leases to Tenant, and Tenant leases from Landlord the Property for the Lease Term.

### Section 2. PREMISES AND SURVEY

A) The "Premises" or the "Property" is the land described on the attached Exhibit "1" marked as Tracts One through Eight plus any described appurtenances, but not including Improvements now or later located on the Premises. Landlord will supply an exact legal description to Tenant along with the Survey described below. The Onsite Improvements to be constructed are not part of the Premises, and title to the Onsite Improvements will remain in the Tenant for the Term of the Lease. Title to all Offsite Improvements will pass to the Landlord upon completion of the required dedication process. (See Section 4, below, for definitions of Improvements.)

B) Landlord grants to Tenant the right of entry to the

runway areas shown as Exception A on Exhibit 1 for maintenance purposes, as may be required under Section 19, below.

C) Tenant shall have no responsibility or obligation for maintenance, repair of Exception A, except as may be separately provided by Section 19 below.

D) This Lease does not include the following Exceptions shown on Exhibit 1 (which Landlord shall not lease to any entity or person, except with Tenant's written consent):

- Exception A - The taxiway, runways and clear zones
- Exception B - Mingus Avenue - Airport Road
- Exception C - The Yavapai County Compactor Site
- Exception D - The Town of Cottonwood "Town Yards"
- Exception E - Tract Four

E) Landlord grants to Tenant the exclusive right to control and limit access to Exception A and will execute such further documents as may be necessary in the opinion of Tenant's legal counsel to perfect, clarify, document or give public notice of this grant. The Landlord and other governmental agencies may, however, enter Exception A through presently existing or future dedicated roadways and easements.

F) Landlord warrants that this Lease conveys to Tenant full, unencumbered use of the Premises, free of the rights of any person to possess, use or enjoy it. Landlord, at its expense, will provide to Tenant an ALTA form policy of Title insurance to further insure these rights.

G) Within thirty days after execution of this Agreement, Landlord, at its expense, shall cause an on-the-ground Survey of the Property and a Preliminary Title Report to be delivered to Tenant as completed by a licensed engineer or Surveyor reasonably satisfactory to Tenant. The Survey shall include permanently monumenting the corners of the Property and shall be in form and substance acceptable to the First American Title Company of Arizona as a basis for deleting, at Landlord's expense, from the Leasehold extended coverage title policy to be provided by Landlord under this Agreement, the printed exception pertaining to discrepancies in the area and boundaries and matters which a correct Survey would show. The Survey shall show the location of all fences, easements, rights-of-way, improvements and encroachments and the areas marked as Exceptions A-E on Exhibit 1. Tenant shall have twenty days after receipt of the Survey and Preliminary Title Report to object to any of the conditions or matters shown which materially affect the value or development potential of the Property. If Tenant fails to so object, then it shall be conclusively presumed that the Tenant has approved the Survey and Preliminary Title Report. If Tenant disapproves of the Preliminary Title Report or the Survey, Landlord shall be



given thirty days to cure the matters objected to by Tenant. If Landlord is unable to cure these matters and conditions, then this Lease may be terminated by Tenant by delivering notice to the Landlord. The Survey shall conform to standards necessary for issuance of the ALTA Extended Coverage Title policy.

H) Tenant may redefine, eliminate, combine or otherwise alter the configuration and designation of Tracts One through Eight.

### Section 3. TERM

A) The "Term" of this Lease for Airport-Related Areas is twenty-five years, and for all of the remainder of the Property is fifty years. The Term begins on the "Term Commencement Date", which is evidenced by Exhibit 2 to the Lease.

(1) An "Airport-Related Area" is the area as designated on Exhibit 1 which is used in connection with the operation of the Cottonwood Airport's flight or flight support activities.

(2) Tenant reserves the right to change the location of those areas designated as Airport-Related upon obtaining necessary approval required by the Federal Aviation Administration, the Arizona Department of Transportation, and the Town of Cottonwood.

(3) In no event shall Landlord attempt to change the designated use of all or any part of the Property except with Tenants prior written consent which may be withheld or granted in Tenant's sole discretion.

B) References to the "Term" of this Lease include any extensions or options exercised by Tenant.

*See Airport Related*  
*60* C) The Term of this Lease may be extended for Airport-Related Areas for three successive periods of twenty-five years each and the Term for all other areas for two successive periods of twenty five years each. If Tenant elects to extend the Term, he must deliver written notice to the "Town Treasurer" of the Town of Cottonwood at any time prior to the expiration of Term. Tenant must not be in default under the provisions of Exhibit 5 at the time of extension. To the extent permitted by state law these extensions shall not be subject to the requirement of a second public bidding process.

*Second public bidding*



#### Section 4. RENT AND OTHER PAYMENTS

A) Rent. The word "Rent" refers collectively to "Improved Ground Rent", "Unimproved Ground Rent", "Additional Rent", "Taxes", "Late Charges", and all other amounts which Tenant owes to Landlord under this Lease. The Rent Commencement Date is that day upon which Tenant deposits the Rent or documentation for Rent Credits for the first year with the Town Treasurer and executes and delivers Exhibit 2 to the Town Treasurer. If the Rent Commencement Date has not commenced by 5:00 P.M., October 15, 1983, then this Lease shall Terminate upon written notice from either Tenant or Landlord to the other.

B) Unimproved Ground Rent. Tenant agrees to pay as Rent the following sums in United States legal currency commencing on the Rent Commencement Date:

1. The first Unimproved Ground Rent is due in advance on the Rent Commencement Date. The amount of the first payment and all other Rent is to be prorated on the basis of a thirty day month if the Rent Commencement Date or subsequent cancellation of the Lease occurs other than on the first day of a calendar month. The "Unimproved Ground Rent" for the years 1983, and 1984 is Fifty Dollars per acre per year. Unimproved Ground Rent for the years 1984 and after shall be due and payable annually on the first day of January.

2. For the following periods Tenant shall pay to Landlord as Unimproved Ground Rent in advance, annually, the following amounts:

1985-1990	\$ 75/unimproved acre/year
1991-1996	\$ 100/unimproved acre/year
1997-2008	\$ 125/unimproved acre/year

The Rent for all Unimproved Ground Rent shall remain One Hundred Twenty Five Dollars per acre thereafter and for all renewals and extensions.

3. Prior to the commencement of construction of an Onsite Improvement of the Property, the Tenant will record a "Plat Map" in the offices of the Yavapai County Recorder and will submit a written designation of the area to be included in the construction (the "Improvement Lot"). The date on which Tenant receives "Sub-Rent" from a Sub-Tenant is the "Improved Ground Rent Commencement Date". On the first day of the calendar month following the Improved Ground Rent Commencement Date, the Improved Ground Rent for the Improvement Lot shall be \$.01 per square foot of the area within the Improvement Lot which is subleased to a Subtenant; this shall be payable to Landlord on or before the fifteenth day of the month which follows the month in which Tenant actually receives full cash payment of Sub-Rent from a Sub-Tenant. When Tenant begins paying Improved Ground Rent for an Improvement Lot, then no further Unimproved Ground Rent

pursuant to Section 4 (B) (1) or (2) is due for that Improvement Lot. If the Improved Ground Rent Commencement Date occurs other than on the first day of the year, then the amount shall be prorated on the basis of a three hundred sixty five day year for the number of days remaining in that calendar year and paid in advance. If the Sub-Rent per square foot received by Tenant from a Sub-Tenant increases after January 1, 1986, then the Improved Ground Rent due to Landlord shall also be increased by the same percentage calculated on a per square foot basis.

4. Upon presentation to the Town Treasurer of a paid invoice and appropriate lien waiver, the Tenant shall receive a "Rent Credit" against all amounts due as Unimproved Ground Rent under this Lease for all amounts which it spends or causes to be spent for "To the Site Improvements". Interest charges and carrying costs are not allowable as a Rent Credit.

5. The total Rent due to Landlord under this Section 4(B) is the sum of the Unimproved Ground Rent plus the Improved Ground Rent minus any Rent Credits. No Rent is due for any portion of the Property which is dedicated or otherwise transferred to the Landlord, such as areas designated as streets or public right-of-ways.

#### C) Taxes and Assessments.

1. As Additional Rent Tenant shall pay to Landlord at the same time as Tenant pays its installment of Rent any and all excise, sales, privilege and other applicable taxes ("Taxes").

2. Tenant must pay all real and personal property taxes, general and special assessments and other charges of every description levied on or assessed against the Premises, located on or in the Premises and Improvements ("Taxes") to the full extent of installments due during the Term of this Lease, whether chargeable against Landlord or Tenant. Tenant shall pay these payments directly to the charging authority at least fifteen days prior to delinquency. If, however, the law expressly permits the payment of the Taxes in installments (whether or not interest accrues on the unpaid balance), Tenant may, at Tenant's election, utilize the permitted installment method.

3. Payment of Taxes shall commence with the Term Commencement Date of the Lease and shall be prorated for the initial Lease year and for the year in which the Lease terminates. Tenant may "Contest" the legal validity or amount of any Taxes for which Tenant is responsible under this Lease. If Tenant seeks to Contest a Tax, the Tenant shall nonetheless pay the Tax prior to delinquency. Landlord shall not be required to join in a Contest brought by Tenant unless it is statutorily required that the Contest be brought by or in the name of the Landlord. In that case, Landlord will join the Contest or permit



it to be brought in Landlord's name, so long as Landlord is not required to bear any cost. Tenant, upon final determination of the Contest, shall immediately pay any decision or judgment rendered, together with all costs, charges, interest, penalties and attorney's fees incurred by Landlord or imposed in connection with the Contest.

4. If the law is changed during the Term of this Lease to allow a Contest of Taxes without the necessity of paying the Tax before delinquency, then Tenant may Contest the Tax. Tenant, however, shall furnish to Landlord a cash deposit or irrevocable letter of credit in form and substance approved by Landlord, which approval will not unreasonably be withheld, in an amount equal to One Hundred Twenty Five percent of the disputed Tax plus Landlord's reasonable estimate of accruing penalties, interest and legal fees. Tenant shall, upon final determination of the Contest, immediately pay or discharge the decision or judgment rendered, together with all costs, charges, interest, penalties and attorney's fees incurred by Landlord, if any, or imposed or assessed in connection with the Contest. Landlord shall return the cash deposit or letter of the credit to Tenant upon receipt of evidence in all respects satisfactory to Landlord of the payment or discharge of the Taxes and all associated expenses. If Tenant fails or refuses to pay or discharge these amounts, then Landlord, at its option, may pay the Tax and associated expenses. To the extent that the cash deposit and/or proceeds of the letter of credit are not adequate to cover this payment, then Tenant shall pay the deficiency or any amounts advanced by Landlord on Tenant's behalf as Rent plus interest as specified in Section Ten, below, to Landlord upon demand.

5. If at any time during the Term of this Lease the law concerning the methods of property taxation prevailing at the Term Commencement Date is changed so that a Tax or excise on Rent (or any other Tax, however described), is levied, imposed or assessed against Landlord as a direct substitution in whole or in part for any Taxes, and the purpose of the new tax is more closely akin to that of an ad valorem or use tax than to an income or franchise tax on Landlord's income, then Tenant shall pay the substitute tax or excise on Rents before delinquency. Tenant shall not be required to pay Landlord's state or federal income taxes or any of Landlord's state or federal estate, succession, inheritance or transfer taxes.

6. Landlord shall not impose any new or additional tax on the Property or its Improvements during the Term, unless this tax is also assessed and collected on all private property within the limits of the Town.

#### Section 5. USE

A) Tenant may use the Property for any lawful purpose subject to all requirements of the Town of Cottonwood Zoning Ordinance.



B) Tenant may enter into agreements restricting use or granting easements over the Premises provided that they are necessary or useful for the development of the Property. Landlord will not alter the present zoning classification of the Property during the Term unless requested to do so by Tenant.

C) Tenant may, upon proper application and approval of a conditional use permit, place a mobile home on the Property for use as a temporary office but it shall be removed within twenty four months after the Rent Commencement Date.

#### Section 6. CONSTRUCTION

A) Tenant will attempt to complete the "Master Plan" to be submitted to Landlord prior to the first day of January, 1984. From time to time during the Term Tenant may, but is not obligated, to construct or otherwise make additional changes on all or any part of the Property not shown on the Master Plan ("Additions"), to demolish, remove, replace, alter, relocate, reconstruct or add to any existing Onsite or Offsite Improvements in whole or in part, and to modify or change the contour or grade, or both, of the Premises. All salvage belongs to Tenant.

(1) An "Onsite Improvement" is a building, T-hanger, storage facility, hanger, and all other construction above or below ground occurring within the boundaries of a designated Improvement Lot.

(2) "Offsite Improvement" is any construction which occurs in a public right of way or in an area shown as an Exception to the Lease as allowed by Town ordinances and/or variances.

(3) "To the Site Improvement" is a utility such as electric, gas, water, public sewer and telephone which are located outside of the boundaries of the Airport Property shown on Exhibit 1. The phrase also refers to the process of bringing utilities from outside the boundaries of the Airport shown on Exhibit 1 to the location designated on Exhibit 1 as the "To the Site Utility Entrance Point".

(4) Where required by the context, the term "Improvement" includes Onsite, Offsite and To the Site Improvements.

B) Upon receipt of a written request Tenant will deliver to Landlord:

1. Certificates of insurance evidencing coverage for comprehensive, broad form "Builder's Risk" insurance policy;

2. Evidence that Tenant has paid all

premiums for the coverage described in this Section. Tenant shall maintain this insurance in force at all times while any work is in progress on the Premises.

C) Tenant may grant to public entities or public service corporations, for the purpose of serving the Premises, rights-of-way or easements on, over or under the Premises for poles or conduits or both, and for other utilities and municipal or special district services on terms or for periods as may be required in writing by those entities.

D) All Improvements shall be performed in a good and workmanlike manner, and shall comply with all applicable governmental permits, laws, ordinances and regulations and building codes.

E) Tenant shall pay the total cost and expense of all Improvements and Permanent Improvements as that phrase is defined in the Mechanics' Lien Law in effect when the work begins. Tenant shall not permit to be enforced against the Premises any mechanic's, materialman's, contractor's or subcontractor's lien arising from any work however it may arise. Tenant may, in good faith and at Tenant's own expense, Contest the validity of any asserted lien, claim or demand, provided Tenant has furnished the Bond required under the applicable statute which provides for a Bond to free the Premises from the effect of a lien claim.

1. Tenant shall defend and indemnify Landlord against all liability and loss of any type arising out of Work performed on the Premises by Tenant, together with reasonable attorney's fees and all costs and expenses incurred by Landlord in negotiating, settling, defending or otherwise protecting against claims.

2. If Tenant does not record the Bond or otherwise protect the Premises and a judgment is rendered against the Premises for the foreclosure of a mechanic's, materialman's, contractor's or subcontractor's lien claim, and if Tenant fails to stay the execution of the judgment by lawful means or to pay the judgment immediately, then Landlord shall have the right, but not the duty, to pay or otherwise discharge, stay or prevent the execution of the judgment or lien. Tenant shall reimburse Landlord on demand for all sums paid by Landlord under this Section together with all Landlord's actual attorney's fees and costs, plus interest on those sums, fees and costs at the rate of two percent above Valley National Bank's announced prime rate of interest as it exists on the date of the payment by Landlord (not exceeding, however, the maximum allowable legal rate if any then be in effect) from the date of payment until the date of reimbursement. Any amounts due from Tenant under this Section are Rent.

F) Tenant may enter into the Premises before

commencement of the Term of this Lease to make soil tests, bore holes, structural engineering tests, surveys, and other engineering and architectural tests that Tenant considers necessary. All such tests made by or on behalf of Tenant shall be at Tenant's sole expense. Landlord is entitled to receive a copy of these reports upon request. Landlord will provide to Tenant copies of all such information in its possession.

#### Section 7. MAINTENANCE, REPAIRS, ALTERATIONS, RECONSTRUCTION

A) Except as provided below, Tenant shall, throughout the Term, at Tenant's sole cost and expense, maintain the Premises and all Onsite Improvements in clean and safe condition of maintenance and repair, ordinary wear and tear excepted. This maintenance shall be in accordance with all applicable laws, rules, ordinances, orders, regulations of any regulatory body having jurisdiction, of any insurance underwriting board or inspection bureau claiming jurisdiction, and of any insurance company insuring all or any part of the Premises or Improvements or both. The Tenant shall have no responsibility for the cleaning, maintenance and repair of any portion of the Property which has been dedicated back to the Town.

B) Nothing in this provision defining the duty of maintenance shall be construed as limiting any right given elsewhere in this Lease to alter, modify, demolish, remove or replace any Improvement.

C) Tenant has the right to "Contest" by appropriate judicial or administrative proceedings, without cost or expense to Landlord, the validity or application of any law, ordinance, order, rule, regulation or requirement ("Law") which requires Tenant to repair, maintain, alter or replace the Improvements in whole or in part. Tenant shall not be in Default for failing to do this work until a reasonable time following final determination of Tenant's Contest.

#### Section 8. OWNERSHIP OF IMPROVEMENTS

A) All Improvements constructed on the Premises by Tenant as permitted by this Lease shall be owned by Tenant until expiration of the Term or sooner termination of this Lease, unless earlier dedicated to Landlord. At any time Tenant may remove or relocate any temporary or relocatable structure, (a temporary or relocatable structure is a structure which requires a special use permit in order to be placed on the premises or is not affixed to a permanent foundation), any Improvement, trade fixture, equipment or other items of personalty ("Personalty") whether installed by Tenant or by a Sub-Tenant, except that free and unencumbered Title to any Onsite Improvement for which Tenant receives Sub-Rent from a Sub-Tenant during the last twenty-four months prior to the expiration of the Term shall be passed to the Landlord upon expiration of the Term.

B) All Onsite Improvements and Offsite Improvements on the Premises at the final expiration of the Term shall, without compensation to Tenant, become Landlord's property free and clear of all claims to or against them by Tenant or any third person.

Section 9. SUBORDINATION OF LANDLORD'S INTEREST

A) Landlord shall, within twenty days after receipt of written request from Tenant, execute and deliver:

1. A mortgage, deed of trust or other security instrument ("Mortgage") and all other documents reasonably requested by Lender sufficient to subordinate, to the lien of a first encumbrance represented by the Mortgage, Landlord's fee title (which shall be considered to include fee title in the Premises including all rights and appurtenances). The leasehold hereby created, together with all Rents and other benefits due to Landlord under this Lease shall be subordinate to the Mortgage, but Tenant shall hold Landlord harmless from any such loss pursuant to the provisions of this Section 9.

2. Landlord shall execute and deliver construction loan agreements and other instruments reasonably required by Lender to enable Tenant to obtain "Construction Financing" and "Take-out Financing", but in no event shall Landlord be required to sign the promissory note or otherwise have direct or indirect liability for repayment of any sums.

3. "Construction Financing" means a short-term or interim loan. "Take-out Financing" means one or more permanent or long-term loan, the proceeds of which are to repay and discharge the Construction Financing or other loan. Nothing in this provision shall be construed to require Tenant to divide the financing into Construction Financing and Take-out Financing instead of a single loan.

B) This section shall be subject to the following conditions:

1. The "Lender" shall be a bank, life insurance company, building and loan association or savings and loan association, trust fund, pension or profit-sharing trust or other responsible person or entity.

2. Landlord shall execute all documents reasonably and customarily required by the Lender or by the title company insuring the Mortgage provided that Tenant shall pay all attorney's fees incurred by Landlord in complying with this Section. Landlord shall not be required to sign or execute the note to be secured by the Mortgage on the fee title but shall execute the Mortgage. The Mortgage shall contain language to the effect that the Landlord executes it solely to encumber Landlord's fee title and without assuming any direct liability for the payment of the note it secures or any other provision of the note or Mortgage.



3. Tenant's failure to make timely payments of interest and principal under the note and Mortgage is an event of Default under this Lease. A notice of Default under the note and Mortgage must be sent to Landlord and Tenant. Landlord shall have the right to cure any Default if Tenant fails to do so. Neither Landlord's right to cure any Default nor any exercise of such a right shall constitute an assumption of liability under the note or Mortgage.

4. Tenant shall furnish Landlord with copies of any Commitment Letter, Loan Application, Mortgage, Promissory Note and all other instruments required by the fee mortgage lender. Performance by Landlord of Tenant's obligation shall be accepted by the Holder. Landlord shall have the right to assume the position of the Tenant under the Mortgage, and to perform Tenant's obligations on Landlord's behalf, or on behalf of Tenant. Landlord may terminate this Lease as provided in this Lease if Tenant defaults on the Mortgage.

Section 10. INDEMNIFICATION FOR SUBORDINATION LOSSES.

Tenant agrees to defend, indemnify and hold Landlord completely free and harmless from any claim, liability or obligation arising from subordination of Landlord's fee interest, and to indemnify Landlord for any payments made to cure Tenant's Default under the mortgage and for any loss or damage, including reasonable attorney's fees, suffered by Landlord by reason of subordination. Indemnification shall include interest at the rate of two percent above the Valley National Bank's announced prime interest rate from the date of Landlord's payment, loss or damage.

Section 11. NO ENCUMBRANCES ON LANDLORD'S TITLE

At the final expiration of the Term and renewals or extensions, the Premises shall be free and clear of all Mortgages and liens.

Section 12. ASSIGNMENT

Tenant may assign this Lease in its entirety upon approval by the Landlord, which approval shall not be unreasonably withheld. Any permitted assignment shall be subject to and governed by the Terms of this Lease, including Exhibit 5.

Section 13. RIGHT TO SUBLET

Tenant may sublet all or any part of the Premises, Improvements or both and may assign, encumber, extend or renew any Sublease.

Section 14. INDEMNITY, EXCULPATION AND INSURANCE

A) Landlord shall not be liable to Tenant or any Sub-Tenant for any damage to them or their property from any cause, except for the negligence of Landlord or its agents. Tenant will indemnify and hold harmless Landlord against and from all claims arising from Tenant's use of the Premises for the conduct of its business or from any activity, work or other thing done, permitted or suffered by Tenant on or about the Premises. Tenant shall further indemnify and hold harmless Landlord against all claims arising from any breach or default in the performance of any of Tenant's obligations under this Lease or arising from any act of negligence of Tenant or any officer, agent, employee, or guest of Tenant. This indemnity includes all costs and attorney's fees incurred from any related claim, action or proceeding.

B) At Tenant's sole cost and expense and for the mutual benefit of the Parties, Tenant shall maintain comprehensive broad form general public liability insurance against claims and liability for personal injury, death or property damage arising from the use, occupancy, disuse and any other insurable condition of the Premises, Improvements or adjoining areas or ways ("Liability Insurance") throughout the Term of the Lease. The Liability Insurance must provide coverage of at least Three Million Dollars for personal injury or death to any one person, Five Million Dollars for any one accident or occurrence, and Five Hundred Thousand Dollars for property damage. Landlord and Tenant shall be named as co-insureds, and the policy shall contain cross-liability endorsements. No provisions of this Lease shall be interpreted to require Tenant to insure or indemnify the Landlord for incidents involving the airport operation unless that obligation is separately assumed under the provisions of Section 19, below.

C) All insurance expressly required by this Lease shall be carried only with responsible insurance companies licensed to do business in Arizona.

D) Upon request, Tenant shall furnish Landlord with:

1. Copies of all insurance policies.
2. Certificates evidencing the insurance.
3. Binders representing all insurance required by this Lease.

E) If Tenant is not in default under this Lease at the expiration of the Term, Landlord shall reimburse Tenant prorata for all prepaid premiums on insurance required to be maintained by Tenant. If possible Tenant will assign all of its right, title and interest in this insurance to Landlord.

F) Landlord will list Tenant as a named insured on all policies of liability, fire, casualty, and other insurance which are applicable to the Property or to the Airport operation.

G) The parties agree to review the limits of coverage on all insurance policies upon the written request of either party. Any dispute involving the provision of insurance shall be settled by arbitration if the parties cannot mutually agree.

#### Section 15. CONDEMNATION

A) Definitions. For purposes of this Section the following definitions shall apply:

1. "Condemnation" or "Taking" means (a) the exercise of any governmental power, whether by legal proceedings or otherwise by a condemnor, and (b) a voluntary sale or transfer by Landlord to any condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.

2. "Date of Taking" means the date the condemnor has the right to possession of the property being condemned.

3. "Award" means all compensation, sums or anything of value awarded, paid or received on a total or partial condemnation, less attorney's fees and legal costs incurred in obtaining the award.

4. "Condemnor" means any public or quasi-public authority or private corporation or individual, having the power of eminent domain.

B) General Provisions. If during the Term there is any Taking of all or part of the Premises or any interest in this Lease by condemnation by any entity other than the Town of Cottonwood, then the rights and obligations of the parties shall be determined pursuant to this Section. If the provisions of this Lease conflict with any Mortgage, the terms of the Mortgage shall prevail. Landlord covenants and agrees not to exercise its powers of condemnation on all or any part of the Property.

C) Partial Taking. If the Premises are totally taken by condemnation, this Lease shall end as of the date of the Taking. If any portion of the Premises is taken by condemnation, this Lease shall remain in effect, except Tenant may elect to cancel this Lease if the Taking is substantial, that is, if the remaining portion of the Premises would not be economically usable. Landlord shall notify Tenant that there is going to be a Taking within a reasonable time after receipt of service of summons and complaint. If Tenant elects to cancel this Lease, Tenant must exercise its right to cancel pursuant to this paragraph by giving written "Notice" to Landlord within forty-five days after receipt of Notice of the Taking. If Tenant elects to cancel this Lease, Tenant shall also notify Landlord of

the date of cancellation, which date shall not be earlier than ninety days following receipt of written Notice, except with Landlord's consent. This Lease shall end, however, on the date of Taking, even if the date of Taking falls on a date before the cancellation as designated by Tenant. If Tenant does not file a timely notice of cancellation then this Lease continues in full force and effect.

If any portion of the Premises is taken by Condemnation, and this Lease remains in full force and effect, then the Rent shall be reduced on the date of Taking by an amount that is in the same ratio to rent as the value measured in replacement cost per square foot of the area of the portion of the Premises taken bears to the total value of the Premises immediately before the date of the Taking.

D) Award. If there is a total, substantial or partial Taking, the rights of the parties to the award shall be as the interest of the parties then appear, taking into consideration the rights of any Mortgagee, the economics of operating any remaining portion of the Premises and Improvements, the cost of Restoration and the balance of the Term remaining, among other relevant considerations. If Landlord and Tenant do not agree within thirty days after the amount of the award is finally determined, then the undecided questions shall be decided by arbitration as provided in this Lease.

E) Taking in the Final Year. Any condemnation of all or part of the Premises during the final year of the Term shall, in the case of a complete Taking, cancel the Lease, notwithstanding any other provisions of this Section. A partial Taking during the final year of the Term shall merely abate the amount of Rent paid pursuant to the provisions above of this Section with no obligation on the part of either Party to restore the Premises.

F) Limited Takings. On the Taking, other than temporary Taking, of less than a fee title interest in the Premises or Improvements or both, the question of whether the Taking is total, substantial or partial, and the effects on Term, Rent and apportionment of award shall be determined by arbitration if not defined in this Lease or agreed upon by the Parties.

G) Condemnation. Landlord will not use its powers of condemnation on these Premises, except with Tenant's written consent.

#### Section 16. TENANT'S EVENTS OF DEFAULT

Each of the following events may be declared by Landlord to be a Default by Tenant and a breach of this Lease:

A) Abandonment or surrender of the Premises or of the Leasehold estate, or failure or refusal to pay when due any installment of Rent or any other sum required by this Lease to be



paid by Tenant, or to perform as required or conditioned by any other covenant or condition of this Lease;

B) An assignment by Tenant for the benefit of creditors, or the filing of a voluntary petition by Tenant under any law for the purpose of adjudicating Tenant a bankrupt, or for extending the time for payment, adjustment or satisfaction of Tenant's liabilities, or for reorganization, dissolution or arrangement on account of or to prevent bankruptcy or insolvency or any involuntary petition filed against Tenant which is not quashed or vacated within sixty days;

C) Default or delinquency in the payment of any sums secured by a Mortgage permitted by this Lease to be placed by Tenant against Landlord's title or against the Leasehold, which remains uncured for thirty-two days.

#### Section 17. NOTICE OF DEFAULT BY TENANT

As a precondition to pursuing any remedy for an alleged Default by Tenant and prior to the time Tenant shall be deemed in Default or in breach of this Lease, Landlord shall, before pursuing any remedy, give written Notice of Default to Tenant and to all Mortgagees whose names and addresses were previously given in writing to Landlord. Each notice of Default shall specify in detail the alleged event of Default, shall allow Tenant fifteen working days to cure monetary Defaults, and forty-five working days to cure non-monetary Defaults provided that this forty-five working day period shall be extended by a reasonable period of time as may be necessary or required provided Tenant is proceeding diligently and in good faith to cure any Default which cannot reasonably be cured within forty-five working days.

#### Section 18. LANDLORD'S REMEDIES

If any Default by Tenant continues uncured, following notice of Default and expiration of the grace period as required under the applicable provision of this Lease, then Landlord has the following remedies in addition to all other rights and remedies provided by law or equity to which Landlord may resort cumulatively or in the alternative:

A) On the expiration of any grace period provided to Tenant during which the underlying default has remained uncured, all Tenant's rights in the Premises and in all Improvements shall terminate if Landlord delivers to Tenant a written Notice of Termination. Promptly after Notice of Termination, Tenant shall surrender and vacate the Premises and all Improvements. By delivering a Notice of Termination, Landlord shall have the continuing right to collect Ground Rent, Rent and all other sums due under this Lease.

B) Landlord may, at its election, continue this Lease in full force and effect, and the Lease will continue in effect.

During the period Tenant is in Default, Landlord may re-enter the Premises and, without Terminating this Lease, at any time and from time to time, relet the Premises and Improvements or any part or parts of them for the account and in the name of Tenant or otherwise.

C) No waiver of any Default shall constitute a waiver of any other breach or Default, whether of the same or any other covenant or condition. No waiver, benefit, privilege or service voluntarily given or performed by either party shall give the other any contractual right by custom, estoppel or otherwise to receive the same at any other time.

#### Section 19. AIRPORT OPERATOR AGREEMENT

On the date of execution of this Lease the Landlord has in effect the "Old Agreement" attached as Exhibit 3 with Blue Sky Aviation, Incorporated for the provision of certain "Airport Services" designated in the old agreement. Consistent with the terms of the Old Agreement and upon receipt of a written demand from Tenant, the Landlord will cancel the Old Agreement. Landlord and Tenant will then execute a "New Agreement" obligating Tenant to provide the Airport Services within ninety days after receipt of Tenant's written demand. The New Agreement shall be generally consistent with the Old Agreement except that its term shall be the same as the Term of this Lease for Airport-Related Areas and its provisions, definitions, and conditions shall be in a form approved by Tenant.

#### Section 20. NOTICES

Any notice, demand or request, consent, approval or communication ("Notice") to be given to the other party shall be in writing and either served personally or sent prepaid, return receipt requested, first-class mail. A mailing shall be addressed to the other party at the address listed below. Either party may change its address by notifying the other of a change of address in writing pursuant to this Section. Notice shall be deemed complete upon delivery of such writing or, in the case of mailing, three days after the date of depositing the writing in the United States mail. The addresses of Landlord and Tenant are:

LANDLORD:	The Town Manager THE TOWN OF COTTONWOOD 807 North Main Street Cottonwood, Arizona 86326
TENANT:	COTTONWOOD AIRPARK, INC. c/o Mr. Jack Seitz P.O.Box 18 Cornville, Arizona 86325

With copies to:

COTTONWOOD AIRPARK, INC.  
c/o Mr. William Fulkerson  
2803 North Seventh Avenue  
Phoenix, Arizona 85007

1-9-88

1520 W. 10TH - 54-00-00  
P.M. 12 15001-5008

and to:

Mr. Robert Erven Brown, Esq.  
Suite 150  
727 East Bethany Home Road  
Phoenix, Arizona 85014

SUITE 150  
6700 E. WINDYBROOK RD  
SCOTTSDALE, AZ 85251

Section 21. RECORDATION OF MEMORANDUM OF LEASE

This Lease shall not be recorded. The parties have executed a memorandum of Lease attached as Exhibit 4, which may be recorded in the office of the Yavapai County Recorder by either party.

Section 22. EXPIRATION, TERMINATION AND HOLDING OVER

At the expiration or earlier Termination of the Term of this Lease, Tenant shall surrender to Landlord the possession of the Premises. Surrender or removal of Improvements, fixtures, and trade fixtures shall be as directed in the provisions of this Lease on the ownership of Improvements at Termination. Tenant shall leave the surrendered Premises and any other property in good and broom clean condition, except as provided to the contrary in provisions of this Lease on Maintenance and repair of the Improvements.

Section 23. ARBITRATION

Any controversy arising out of this Lease or its breach shall be settled by arbitration if, prior to the commencement of any legal proceedings dealing with a controversy arising out of this Lease or its breach, any party to this Lease sends a written "Demand" for Arbitration to the other Party in compliance with the Notice Section of this Lease. Within fifteen days after the Demand, the Parties shall attempt to designate a mutually acceptable individual ("Arbitrator") to arbitrate the controversy. If the Parties fail to designate an Arbitrator, then the controversy shall be arbitrated under the commercial rules of the American Arbitration Association. Any judgment on the award rendered, whether by the arbitrator chosen by the parties or the Arbitrator used pursuant to the rules of the American Arbitration Association, may be entered in any court having jurisdiction and shall bind the Parties. The arbitration shall take place in a location approved by the Arbitrator and shall include an award of attorney's fees and all costs of arbitration to the prevailing party.

Section 24. NO PARTNERSHIP

Nothing in this Lease shall be construed to render the Landlord or Tenant a partner, joint venturer or associate or in

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any way, or for any purpose, in any relationship with the other party, except that of Landlord and Tenant. This Lease does not authorize either to act as agent for the other.

Section 25. MISCELLANEOUS PROVISIONS

A) Counterparts. This Lease may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

B) Time is of the Essence. In the performance of all of the covenants and conditions of this Lease, time is of the essence.

C) Brokers. The Parties warrant that they have had no dealings with any real estate broker or agents in connection with the negotiation of this Lease. They know of no real estate broker or agent or finder who is entitled to a commission and/or fee in connection with this Lease. A Party whose actions result in a claim will indemnify and hold the other harmless from the payment of any claims for commissions or fees.

D) Estoppel Certificates. At any time and from time-to-time, upon not less than ten days written "Request" from the other party, each party shall execute, acknowledge and deliver to the requesting party a written statement certifying that:

1. This Lease is unmodified and in full force and effect, (or if modified, then stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect), and the date to which the rental or other charges have been paid in advance, if any;

2. That there are not, to the knowledge of the party, any uncured Defaults on the part of the requesting party or specifying which Defaults, if any, are claimed;

3. That the party is, to the best of its knowledge, in full compliance with all applicable statutes, ordinances, rules, regulations, zoning variances and conditional use permits applicable to the Premises; and

4. Providing any other information reasonably requested. Any statement delivered pursuant to this paragraph may be relied upon by a prospective purchaser or encumbrancer of the Premises.

E) Applicable Law. In interpreting the covenants and conditions of this Agreement, the laws of the State of Arizona shall apply.

F) Prior Agreements and Modifications. No provision of this Lease may be amended or supplemented except by a subsequent

contract in writing signed by the Parties or their respective successors in interest. This Agreement replaces all other oral and written agreements between Landlord and Tenant made prior to the date of this Agreement. It contains the entire agreement of the Parties.

G) Captions, Table of Contents, Heading and Marginal Headings. The captions, table of contents and marginal headings used throughout this Lease are for the convenience of the Parties and for reference only. They are neither a part of this Lease nor to be considered in its construction or interpretation.

H) Attorney's Fees. The prevailing party is entitled to recover from the losing party all costs, expenses, and actual attorney's fees in any legal action or arbitration arising from this Lease, including attorneys fees and costs on appeal. If a Party to this Lease ("Party A") is joined in a legal proceeding with one not a party to this Lease, on account of the action or inaction of a party to the lease ("Party B"), then Party B shall pay all legal expenses, costs, and other expenses incurred by Party A as a result of the action, including attorney's fees and costs on appeal.

I) Invalidity of Provision. The unenforceability, invalidity or illegality of any provision of this Lease shall not render any other provision unenforceable, invalid or illegal.

J) Nonmerger of Fee and Leasehold Estates. If both Landlord's and Tenant's estates in the Premises or the improvements or both become vested in the same owner, this Lease shall, nevertheless, not be destroyed by application of the doctrine of merger, except at the express election of the owner and the consent of the Mortgagee or Mortgagees under all Mortgages then existing under authority of the provisions of this Lease relating to the purchase or construction of Improvements.

K) Force Majeure. Either party shall be excused from performing any obligations or undertakings provided in this Lease if, and for as long as the performance of the act or obligation is prevented, delayed, retarded or hindered by an act of God, fire, earthquake, flood, explosion, act of the elements, war, invasion, insurrection, riot, mob violence, strike, lockout, condemnation or any other cause, whether similar or dissimilar to the foregoing, which is not within the reasonable control of the party seeking the protection of this provision.

L) Quiet Enjoyment. Upon payment by Tenant or any Subtenant of Rents and upon observance and performance of all covenants, terms and conditions, Tenant shall peaceably and quietly hold and enjoy the Premises for the Term of this Lease without hindrance or interruption by Landlord or by any other person or persons lawfully or equitably claiming by, though, or under Landlord.

M) Terms. Any reference in this document to a "Mortgage" or "Leasehold Mortgage" shall include a reference to any deed of trust, assignment of rents and income, security agreement, or other security document used in properties of this type, where the context so requires.

N) Successors. Subject to the provisions of this Lease on assignment and subletting, the covenants and conditions of this Lease shall bind and inure to the benefit of the heirs, successors, executors, administrators, assigns and personal representatives of the parties.

O) Exhibits. All Exhibits are incorporated by reference as an integral part of this Lease.

P) No Waste. Tenant shall not permit any waste, damage, disfigurement, damage or injury to the premises or the Improvements, its fixtures, and appurtenances.

Q) Entry. Landlord or its authorized representatives may enter the Premises or Improvements at all reasonable times for inspection.

R) Airport. Landlord shall not diminish the airport facilities or services except with Tenant's written consent, which shall not be unreasonably withheld. Landlord will cooperate with Tenant, and provide advance written notice to Tenant, of any enlargement of airport facilities or services. Landlord's plans for enlargement of Airport facilities and services shall not require Tenant to diminish the size of the Property, except with Tenant's prior written consent and upon payment of fair compensation to Tenant.

S) Cooperation of Landlord. Landlord will cooperate with and assist Tenant to obtain all utilities necessary to develop and use the Property, to attract Subtenants to the Property, and, at the written request of Tenant, may establish an Industrial Development Authority or other bonding agency as allowed by Arizona law to assist in the construction and development of the Improvements.

T) Airport Improvement. Landlord will use its best efforts to assist in obtaining funding to Tenants, Sub-Tenants and others as allowed by law for airport improvement. The Landlord agrees to cooperate to the extent of its reasonable financial capacity, as approved by the City Council. Landlord will apply for and pursue all improvements, aid, grants of equipment, money, technical assistance, etc. to improve the airport facilities, including, but not limited to, those types of programs described in Chapter Eleven of the Cottonwood Airport Master Plan for the Town of Cottonwood, Arizona, prepared by TRICO INTERNATIONAL, INC. in 1974 so long as these activities do not cause a financial hardship on the Landlord. Airport-Related Areas may be included in the master planning of the Airport by

the Landlord to coordinate funding grants, etc. but only to the extent that these activities do not frustrate Tenant's development plans.

U) A "Sub-Tenant" is any person or entity which leases, subleases, rents or otherwise hires for value the use of the Property from Tenant by paying "Subrent".

V) Landlord and Tenant will execute such other and further documents as are requested to provide a Leasehold Mortgage or other security interest in this Lease by any entity lending money for the construction or refinancing of Improvements on the Property.

W) The term "Landlord" shall refer to the Town of Cottonwood and any successor or assign. This Lease shall not be assigned by Landlord unless Tenant first consents to assignment in writing.

The Parties executed this Lease on the 23rd day of May, 1983.

LANDLORD:

THE TOWN OF COTTONWOOD,  
an Arizona municipality

BY Donald E. Hehn

Its Mayor

TENANT:

COTTONWOOD AIRPARK, INC.

BY [Signature]

Its President

EXHIBIT 1

(Attach Legal Description  
and Plot Plan)

*JS set*



STATE OF ARIZONA, County of Yavapai—ss

14333  
I do hereby certify that the within instrument was filed and recorded at the request of  
on MAY 3 84-8 35 PM o'clock book 1627 Official Records Page 66  
Re: 's of Yavapai County, Arizona. WITNESS my hand and official seal the day and year first above written.

FIRST AMERICAN TITLE

INDEXED

MICROFILMED

PATSY C. JENNEY, County Recorder

By Karen W. Wilson

Deputy



WHEN RECORDED MAIL TO:  
Town of Cottonwood  
827 North Main Street  
Cottonwood, AZ 86326  
ATTN: Steve Thompson

Courtesy Recording  
FIRST AMERICAN TITLE  
NO TITLE LIABILITY

EXHIBIT 2

MEMORANDUM OF LEASE

The Term Commencement Date, defined in Section 3 of the Ground Lease between The Town of Cottonwood, an Arizona municipality, Landlord, and Cottonwood Airpark, Inc., Tenant, is agreed to by the parties to be December 31, 1983. 5p

LANDLORD:

THE TOWN OF COTTONWOOD

BY Donald E. Hahn

Its Mayor

TENANT:

COTTONWOOD AIRPARK, INC.

BY [Signature]

Its [Signature]

The Rent Commencement Date as defined in Section 4 of the Lease is agreed by the Parties to be December 31, 1983.

LANDLORD:

THE TOWN OF COTTONWOOD

BY Donald E. Hahn

TENANT:

COTTONWOOD AIRPARK, INC.

BY [Signature]

EXHIBIT 3

(Attach Airport Service Contract Per Section 19)

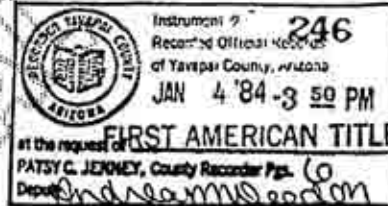
Attachment A to EXHIBIT 4  
THE MEMORANDUM OF LEASE

(Attach Legal Description)

AS set

EXHIBIT 4 TO LEASE

When Recorded, Mail to:  
Robert Erven Brown, P.C.  
Suite 150  
727 East Bethany Home Road  
Phoenix, Arizona 85014



MEMORANDUM OF LEASE

DATE: May 23, 1983

PARTIES: The Town of Cottonwood, an Arizona municipality, "Landlord", and Cottonwood Airpark, Inc., "Tenant".

NOTICE TO INTERESTED PARTIES:

1. The Landlord leased to Tenant the real property legally described on the attached Exhibit "A" ("Leased Premises"), Parcels A and B.

2. The primary Term of this Lease is for a period of twenty-five years for Airport Related Areas and for fifty years for all other Tracts, commencing on the Term Commencement Date December 31, 1983.

The Parties executed this Memorandum of Lease for recording purposes on May 23, 1983.

LANDLORD:

THE TOWN OF COTTONWOOD  
an Arizona municipality

BY Donald E. Hahn  
Its Mayor

TENANT:

COTTONWOOD AIRPARK, INC.

BY C. S. [Signature]  
Its President

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*js sll*

EXHIBIT #2

STATE OF ARIZONA )  
County of Maricopa ) ss.

The foregoing instrument was acknowledged before me this  
23rd day of May, 1983, by Donald E. Hahn, Mayor of  
THE TOWN OF COTTONWOOD, an Arizona municipality on behalf of the  
municipality.

*Robert S. Thompson*  
Notary Public

My Commission Expires:  
My Commission Expires Sept. 29, 1984

STATE OF ARIZONA )  
County of Maricopa ) ss.

The foregoing instrument was acknowledged before me this  
25 day of May, 1983, by C. W. Waddoups, Jr. of  
COTTONWOOD AIRPARK, INC.

SEAL

*Wesley A. Smith*  
Notary Public

My commission Expires:  
March 30, 1984

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*It set*





# JOE JONES & ASSOCIATES, INC.

Land Surveying • Civil Engineering

Job # 83-56  
HHH:es  
June 24, 1983



Town of Cottonwood  
827 North Main  
Cottonwood, AZ 86326

Re: LEGAL DESCRIPTION OF AIRPORT LEASE PARCEL

A portion of Section 4 and Lot 1 of Section 5, T15N, R3E, and a portion of the South one-half of Section 33, T16N, R3E, G&SRB&M, Yavapai County, Arizona, more particularly described as follows:

Commencing at the NW corner of said Section 4; thence S01°55'01"W (Meas.) (S01°56'W, Rec.), a distance of 742.16 feet (Meas.) (742.0 feet, Rec.), to the TRUE POINT OF BEGINNING; thence S47°59'12"E (Meas.) (S48°00'E, Rec.), a distance of 2100.70 feet (Meas.) (2100.0 feet, Rec.); thence N41°59'38"E (Meas.) (N42°00'E, Rec.), a distance of 1570.68 feet (Meas.) (1570.50 feet, Rec.), to a point which lies S69°14'37"E (Meas.) (S69°15'E, Rec.), a distance of 2766.39 feet (Meas.) (2765.81 feet, Rec.) from the NW corner of said Section 4; thence S24°22'32"E (Meas.) (S24°25'E, Rec.), a distance of 2643.19 feet (Meas.) (2642.30 feet, Rec.); thence N65°35'44"E (Meas.) (N65°35'E, Rec.), a distance of 200.11 feet (Meas.) (200.00 feet, Rec.); thence N24°23'42"W (Meas.) (N24°25'W, Rec.), a distance of 2991.99 feet (Meas.) (2988.7 feet, Rec.); thence N42°01'47"E, a distance of 556.42 feet; thence N48°09'01"W (Meas.) (N48°00'W, Rec.), a distance of 1266.95 feet to a point which lies N70°23'27"E (Meas.)

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P.O. Box 959  
Flagstaff, Arizona 86001 • (602) 264-4552

709 Mingus • Suite 401 • P.O. Box 130  
Cottonwood, Arizona 86326 • (602) 634-5882



Job # 83-56  
AIRPORT LEASE PARCEL  
LEGAL DESCRIPTION  
PAGE 2



(N70°11'E, Rec.), a distance of 2759.40 feet (Meas.) (2758.98 feet, Rec.) from the NW corner of said Section 4; thence N24°22'21"W (Meas. (N24°25'W, Rec.), a distance of 825.03 feet (Meas.) (826.65 feet, Rec.); thence S65°37'20"W (Meas.) (S65°35'W, Rec.), a distance of 999.63 feet (Meas.) (1000.0 feet, Rec.); thence S24°23'19"E (Meas.) (S24°25'E, Rec.), a distance of 352.43 feet (Meas.) (352.12 feet, Rec.); thence S42°01'01"W (Meas.) (S42°00'W, Rec.), a distance of 2268.99 feet (Meas.) (2100.0 feet, Rec.) to the TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THE FOLLOWING PARCELS:

A. Landing Strip Area:

A strip of land 600.00 feet wide, lying in Section 4, T15N, R3E, and in the South one-half of Section 33, T16N, R3E, G&SRB&M, Yavapai County, Arizona, more particularly described as follows:

Commencing at the NW corner of said Section 4; thence S01°55'01"W, a distance of 742.16 feet; thence N42°01'01"E, a distance of 2268.99 feet; thence N24°23'19"W, a distance of 352.43 feet; thence N65°37'20"E, a distance of 275.45 feet to the TRUE POINT OF BEGINNING; thence N65°37'20"E, a distance of 600.00 feet; thence S24°23'07"E, a distance of 5199.23 feet; thence S65°35'44"W, a distance of 600.00 feet; thence N24°23'07"W, a distance of 5199.51 feet to the TRUE POINT OF BEGINNING.

B. Parcel NW of King Avenue - Extended:

A portion of Section 4, T15N, R3E, and a portion of Section 33, T16N, R3E, G&SRB&M, Yavapai County, Arizona, more particularly described as follows:

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AIRPORT LEASE PARCEL

LEGAL DESCRIPTION

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Commencing at the NW corner of said Section 4; thence S01°55'01"W, a distance of 742.16 feet to the TRUE POINT OF BEGINNING; thence N42°01'01"E, a distance of 1881.84 feet to a point on the Northwesterly right-of-way line of Mingus Avenue; thence S27°31'23"W, along said right-of-way line, a distance of 1663.62 feet; thence S23°37'27"W, along said right-of-way line, a distance of 285.74 feet; thence N47°59'12"W, a distance of 506.52 feet to the TRUE POINT OF BEGINNING.

C. Easement for a Portion of Mingus Avenue as Recorded in Book 395, Pages 361-363, Records of Yavapai County, Arizona:

A strip of land 60.00 feet in width, in the South one-half of Section 33, T16N, R3E, G&SRB&M, Yavapai County, Arizona, lying 30.00 feet left of and 30.00 feet right of the following described centerline:

Commencing at the SW corner of said Section 33; thence S01°55'01"W, a distance of 742.16 feet; thence N42°01'01"E, a distance of 2268.99 feet; thence N24°23'19"W, a distance of 352.43 feet; thence N65°37'20"E, a distance of 999.63 feet to a point which is the most Northerly corner of the Cottonwood Airport; thence N24°22'21"W (Meas.) (N25°10'W, Rec.), a distance of 24.06 feet (Meas.) (24.2 feet, Rec.) to the TRUE POINT OF BEGINNING of said centerline; thence S63°08'16"W (Meas.) (S62°23'W, Rec.), a distance of 100.97 feet (Meas. & Rec.); thence Southwesterly, along a curve to the left, having a radius of 1432.40 feet, through a central angle of 14°54'00", a distance of 372.50 feet; thence S48°14'16"W (Meas.) (S47°29'W, Rec.), a distance of 282.89 feet (Meas. & Rec.); thence N45°33'44"W (Meas.) (N46°19'W, Rec.), a distance of 138.27 feet (Meas.) (137.34 feet, Rec.) to the North boundary of the Cottonwood Airport and the end of said centerline.

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AIRPORT LEASE PARCEL  
LEGAL DESCRIPTION  
PAGE 4



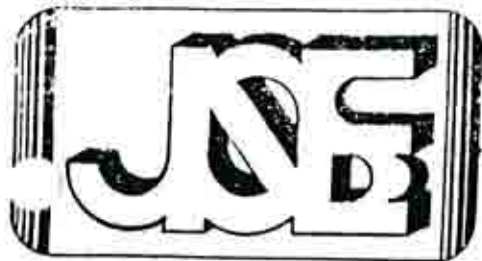
D. Mingus Avenue Extension:

A strip of land 60.00 feet in width, in the South half of Section 33, T16N, R3E, and the North half of Section 4, T15N, R3E, G&SRB&M, Yavapai County, Arizona, lying 30.00 feet left of and 30.00 feet right of the following described centerline: Commencing at the SW corner of said Section 33; thence S01°55'01"W, a distance of 742.16 feet; thence N42°01'01"E, a distance of 2268.99 feet; thence N24°23'19"W, a distance of 352.43 feet; thence N65°37'20"E, a distance of 999.63 feet; thence N24°22'21"W, a distance of 24.06 feet to the TRUE POINT OF BEGINNING of said centerline; thence S63°08'16"W, a distance of 100.97 feet; thence Southwesterly, along a curve to the left, having a radius of 1432.40 feet, through a central angle of 14°54'00", a distance of 372.50 feet; thence S48°14'16"W, a distance of 170.66 feet; thence Southwesterly, along a curve to the left, having a radius of 881.47 feet, through a central angle of 15°46'03", a distance of 242.58 feet; thence S32°28'13"W, a distance of 399.32 feet; thence Southwesterly, along a curve to the left, having a radius of 1273.24 feet, through a central angle of 04°56'50", a distance of 109.94 feet; thence S27°31'23"W, a distance of 1743.73 feet; thence S23°37'27"W, a distance of 294.69 feet to the Southwesterly boundary of the Cottonwood Airport Property and the end of said centerline.

Area of parcel less Exceptions A, B, C and D = 117.0806 Acres  
more or less

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Rev: 10-27-83



# JOE JONES & ASSOCIATES, INC.

Land Surveying \* Civil Engineering

Job # 83-56

HHH:es

June 24, 1983

Town of Cottonwood  
827 North Main  
Cottonwood, AZ 86326



Re: LEGAL DESCRIPTION OF AIRPORT LEASE PARCEL

A portion of Section 4 and Lot 1 of Section 5, T15N, R3E, and a portion of the South one-half of Section 33, T16N, R3E, G&SRB&M, Yavapai County, Arizona, more particularly described as follows:

Commencing at the NW corner of said Section 4; thence S01°55'01"W (Meas.) (S01°56'W, Rec.), a distance of 742.16 feet (Meas.) (742.0 feet, Rec.), to the TRUE POINT OF BEGINNING; thence S47°59'12"E (Meas.) (S48°00'E, Rec.), a distance of 2100.70 feet (Meas.) (2100.0 feet, Rec.); thence N41°59'38"E (Meas.) (N42°00'E, Rec.), a distance of 1570.68 feet (Meas.) (1570.50 feet, Rec.), to a point which lies S69°14'37"E (Meas.) (S69°15'E, Rec.), a distance of 2766.39 feet (Meas.) (2765.81 feet, Rec.) from the NW corner of said Section 4; thence S24°22'32"E (Meas.) (S24°25'E, Rec.), a distance of 2643.19 feet (Meas.) (2642.30 feet, Rec.); thence N65°35'44"E (Meas.) (N65°35'E, Rec.), a distance of 800.11 feet (Meas.) (800.00 feet, Rec.); thence N24°23'42"W (Meas.) (N24°25'W, Rec.), a distance of 2991.99 feet (Meas.) (2988.7 feet, Rec.); thence N42°01'47"E, a distance of 556.42 feet; thence N48°09'01"W (Meas.) (N48°00"W, Rec.), a distance of 1266.95 feet to a point which lies N70°23'27"E (Meas.)



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AIRPORT LEASE PARCEL  
LEGAL DESCRIPTION  
PAGE 2



(N70°11'E, Rec.), a distance of 2759.40 feet (Meas.) (2758.98 feet, Rec.) from the NW corner of said Section 4; thence N24°22'21"W (Meas. (N24°25'W, Rec.), a distance of 825.03 feet (Meas.) (826.65 feet, Rec.); thence S65°37'20"W (Meas.) (S65°35'W, Rec.), a distance of 999.63 feet (Meas.) (1000.0 feet, Rec.); thence S24°23'19"E (Meas.) (S24°25'E, Rec.), a distance of 352.43 feet (Meas.) (352.12 feet, Rec.); thence S42°01'01"W (Meas.) (S42°00'W, Rec.), a distance of 2268.99 feet (Meas.) (2270.89 feet, Rec.) to the TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THE FOLLOWING PARCELS:

A. Landing Strip Area:

A strip of land 400.00 feet wide, lying in Section 4, T15N, R3E, and in the South one-half of Section 33, T16N, R3E, G&SRB&M, Yavapai County, Arizona, more particularly described as follows:

Commencing at the NW corner of said Section 4; thence S01°55'01"W, a distance of 742.16 feet; thence N42°01'01"E, a distance of 2268.99 feet; thence N24°23'19"W, a distance of 352.43 feet; thence N65°37'20"E, a distance of 275.45 feet to the TRUE POINT OF BEGINNING; thence N65°37'20"E, a distance of 400.00 feet; thence S24°23'07"E, a distance of 5199.23 feet; thence S65°35'44"W, a distance of 400.00 feet; thence N24°23'07"W, a distance of 5199.51 feet to the TRUE POINT OF BEGINNING.

B. Parcel NW of Mingus Avenue - Extended:

A portion of Section 4, T15N, R3E, and a portion of Section 33, T16N, R3E, G&SRB&M, Yavapai County, Arizona, more particularly described as follows:

Joh # 83-56  
AIRPORT LEASE PARCEL  
LEGAL DESCRIPTION  
PAGE 3



Commencing at the NW corner of said Section 4; thence  $S01^{\circ}55'01''W$ , a distance of 742.16 feet to the TRUE POINT OF BEGINNING; thence  $N42^{\circ}01'01''E$ , a distance of 1881.84 feet to a point on the Northwesterly right-of-way line of Mingus Avenue; thence  $S27^{\circ}31'23''W$ , along said right-of-way line, a distance of 1663.62 feet; thence  $S23^{\circ}37'27''W$ , along said right-of-way line, a distance of 285.74 feet; thence  $N47^{\circ}59'12''W$ , a distance of 506.52 feet to the TRUE POINT OF BEGINNING.

C. Easement for a Portion of Mingus Avenue as Recorded in Book 395, Pages 361-363, Records of Yavapai County, Arizona:

A strip of land 60.00 feet in width, in the South one-half of Section 33, T16N, R3E, G&SRB&M, Yavapai County, Arizona, lying 30.00 feet left of and 30.00 feet right of the following described centerline:

Commencing at the SW corner of said Section 33; thence  $S01^{\circ}55'01''W$ , a distance of 742.16 feet; thence  $N42^{\circ}01'01''E$ , a distance of 2268.99 feet; thence  $N24^{\circ}23'19''W$ , a distance of 352.43 feet; thence  $N65^{\circ}37'20''E$ , a distance of 999.63 feet to a point which is the most Northerly corner of the Cottonwood Airport; thence  $N24^{\circ}22'21''W$  (Meas.) ( $N25^{\circ}10'W$ , Rec.), a distance of 24.06 feet (Meas.) (24.2 feet, Rec.) to the TRUE POINT OF BEGINNING of said centerline; thence  $S63^{\circ}08'16''W$  (Meas.) ( $S62^{\circ}23'W$ , Rec.), a distance of 100.97 feet (Meas. & Rec.); thence Southwesterly, along a curve to the left, having a radius of 1432.40 feet, through a central angle of  $14^{\circ}54'00''$ , a distance of 372.50 feet; thence  $S48^{\circ}14'16''W$  (Meas.) ( $S47^{\circ}29'W$ , Rec.), a distance of 282.89 feet (Meas. & Rec.); thence  $N45^{\circ}33'44''W$  (Meas.) ( $N46^{\circ}19'W$ , Rec.), a distance of 138.27 feet (Meas.) (137.34 feet, Rec.) to the North boundary of the Cottonwood Airport and the end of said centerline.



Job # 83-56  
AIRPORT LEASE PARCEL  
LEGAL DESCRIPTION  
PAGE 4



D. Mingus Avenue Extension:

A strip of land 60.00 feet in width, in the South half of Section 33, T16N, R3E, and the North half of Section 4, T15N, R3E, G&SRB&M, Yavapai County, Arizona, lying 30.00 feet left of and 30.00 feet right of the following described centerline:  
Commencing at the SW corner of said Section 33; thence S01°55'01"W, a distance of 742.16 feet; thence N42°01'01"E, a distance of 2268.99 feet; thence N24°23'19"W, a distance of 352.43 feet; thence N65°37'20"E, a distance of 999.63 feet; thence N24°22'21"W, a distance of 24.06 feet to the TRUE POINT OF BEGINNING of said centerline; thence S63°08'16"W, a distance of 100.97 feet; thence Southwesterly, along a curve to the left, having a radius of 1432.40 feet, through a central angle of 14°54'00", a distance of 372.50 feet; thence S48°14'16"W, a distance of 170.66 feet; thence Southwesterly, along a curve to the left, having a radius of 881.47 feet, through a central angle of 15°46'03", a distance of 242.58 feet; thence S32°28'13"W, a distance of 399.32 feet; thence Southwesterly, along a curve to the left, having a radius of 1273.24 feet, through a central angle of 04°56'50", a distance of 109.94 feet; thence S27°31'23"W, a distance of 1743.73 feet; thence S23°37'27"W, a distance of 294.69 feet to the Southwesterly boundary of the Cottonwood Airport Property and the end of said centerline.

Area of parcel less Exceptions A, B, C and D = 117.0806 Acres more or less

Rev: 10-27-83  
Rev: 11-21-84

EXHIBIT 5

DEVELOPMENT PLAN AND TIMETABLE

A. Within sixty days following the approval of this document by the Landlord's Town Council subject to any required State or other governmental approvals the Tenant will initiate:

1. a market feasibility study for the proposed development of the Property;
2. a topographical survey of the Property;
3. preliminary engineering and design with the utility companies for major utility extensions as To the Site Improvements;
4. a test marketing program to attract Subtenants and users for the Property; and
5. soil testing on selected areas of the Property.

B. On or before October 1, 1984 Tenant will advise Landlord in writing of its proposed development timetable to begin installation of the To the Site Improvements.

C. Within a reasonable time after completion of the foregoing and upon a determination that an adequate market for industrial sites exists as evidenced by the fulfillment of preleasing requirements reasonably required to offset the risks of the major capital expenditures contemplated for Improvements, the Tenant will cause to be initiated:

1. Construction of all streets, curbs and other Offsite Improvements needed to complete the development of the cumulative total of gross acres of that five-year time period as designated in Provision D.
2. construction of the major To the Site Improvements.

D. Tenant's failure to

1. materially improve the Property by installing all Offsite Improvements or
2. begin payments to Landlord at the Improved Ground Rent rate may, at Landlord's option, result in a "Forfeiture" by Tenant of its rights hereunder to all remaining unimproved acres according to the following schedule up to December 31, 1993:

a. On or before midnight on December 31, 1988, Tenant shall fulfill the requirements of this Section for any fifteen gross acres of the Property;

b. On or before midnight on December 31, 1993 Tenant shall fulfill the requirements of this Section for a cumulative total of twenty-five gross acres of the Property.

3. materially improve the property by December 31, 1993 by installing all Offsite Improvements in accordance with the timetable listed above may, at the Landlord's option, result in the Forfeiture by Tenant of its right herein to all remaining unimproved acres contained in this Lease.

a. At least ninety days prior to a Forfeiture the Landlord shall provide the Tenant with written notice of its intent to declare a Forfeiture unless the Tenant completes the Improvements required by this Lease and specified in the written Notice on or before the completion date specified in the written Notice. The Landlord's decision to declare a Forfeiture shall be based on the amount of material improvements completed in accordance with the progress timetable.

b. If Landlord does not allow Tenant to proceed with the development of additional acres as set forth in the timetable, the Tenant must commence payment of improved Ground Rent for the acres, which are set forth as developed as per the timetable, which are materially improved or not. Such acres will continue to be leased in accordance with the Term of this Lease. If Landlord does not allow Tenant to proceed, the remaining undeveloped acres are removed from the leasehold and the Landlord is responsible to reimburse the Tenant for all cost incurred by Tenant (to extend all To the Site Utilities) to the original leasehold minus the prorated share of cost for the acres retained by the Tenant and minus any Rent credit received. Landlord's option to not allow additional acres to be developed and to advise Tenant of forfeiture of remaining acres and leasehold shall be available to Landlord for each five-year period after December 31, 1993.

c. On or before midnight on December 31st of each fifth year following December 31, 1993

Tenant shall fulfill the requirements of this Section for a cumulative total increased by ten acres for each five year period thereafter until the entire Property is developed.

d. This schedule may be amended or modified with the joint written consent of the parties.

E. On a specified date to be established by the Town of Cottonwood and with thirty days written Notice of same, and additionally upon written requirement of either party, the Parties shall meet to review the development progress of the property.

*JS set*